

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Numbering Resource Optimization)	CC Docket No. 99-200
)	
)	

**JOINT REPLY COMMENTS
OF THE
NATIONAL EXCHANGE CARRIER ASSOCIATION
AND
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION**

The National Exchange Carrier Association, Inc. (NECA)¹ and the National Telephone Cooperative Association² submit this Joint Reply to Comments filed in the proceeding captioned above.³ The Commission has adopted administrative and technical measures intended to promote access to, and the efficient use of, numbering resources.⁴ Various parties addressed the Commission's request for comments on the issue of cost recovery for thousand-block number pooling (TBNP). NECA and NTCA herein address and limit their Joint Reply to comments filed on this issue.

¹ NECA is a not-for-profit, membership association of all incumbent local exchange carriers in the U.S., created under Part 69, subpart G, of the Commission's rules. *See generally* 47 C.F.R. § 69.601 *et seq.* Since 1983, NECA has administered key components of the Commission's interstate access charge plan on behalf of the Commission and the telecommunications industry.

² NTCA is a national association of over 500 local exchange carriers that provide service primarily in rural areas. All NTCA members are small carriers that are defined as "rural telephone companies" in the Telecommunications Act of 1996 (Act). 47 U.S.C. § 153 (37). Approximately half of NTCA's members are organized as cooperatives.

³ *See* Numbering Resource Optimization, *Report And Order And Further Notice of Proposed Rulemaking*, CC Docket No. 99-200, FCC 00-104, rel. Mar. 31, 2000 (FNPRM).

⁴ *Id.* at ¶¶ 3-5.

I. There Is No Need To Calculate "Avoided Costs" Prior To Establishing A Cost Recovery Mechanism.

The Commission requested that carriers determine their potential cost savings resulting from thousands-block number pooling, attributable to prolonged area code life, and suggested that carriers might offset the incremental costs of TBNP by these "savings."⁵ There is no need to do so. For carriers subject to rate-of-return regulation, actual costs are recovered as incurred. As a matter of course, avoided costs would be excluded in the development of rates designed to recover TBNP costs. Thus, failure to calculate the avoided costs attributable to TBNP will not, as AT&T asserts, grant carriers an "unjustifiable windfall."⁶

Further, as USTA points out, because most early implementations of TBNP are taking place where number exhaust is pending, "the effect of pooling introduction will be quite limited."⁷ The effects of TBNP remain to be seen in these situations. Thus, the benefits of cost avoidance are likewise unknown, and may be unknowable for some time. Sprint suggests there is no basis for assuming that the implementation of TBNP "saves the LEC industry significant expense by postponing an area code exhaust situation."⁸ Similarly, Worldcom states that "it is impossible to quantify the exact cost savings associated with pooling in comparison to current [area code change] practices"⁹ BellSouth "cautions the Commission against using a cost savings formula that compares

⁵ See *FNPRM* at ¶ 252.

⁶ See AT&T Comments at 20.

⁷ See USTA Comments at 8.

⁸ See Sprint Comments at 16.

⁹ See Worldcom Comments at 20.

speculative pooling savings with the actual costs of area code relief."¹⁰ NECA and NTCA agree that the Commission must not delay establishing a TBNP cost recovery mechanism against the uncertain prospect of future avoided costs.

Additionally, there is no good rationale for delaying implementation of TBNP cost recovery rules until detailed cost data are available. As BellSouth observed, "the Commission established a cost recovery scheme for number portability prior to having detailed cost information. . . . There is no reason why the Commission cannot take the same approach here."¹¹

II. The Commission Should Adopt Its Tentative Conclusion, Set Forth in the NPRM, That LECs May Recover TBNP Costs By Existing Means

As NECA and NTCA asserted in Joint Comments,¹² the Commission should allow recovery of TBNP costs via existing means, including interstate access charges, as proposed in the NPRM. This recovery method would be consistent with the Commission's finding that such costs are wholly interstate ("not subject to separations under the exclusively federal cost recovery mechanism.")¹³

Various commenters argue against recovery via access charges.¹⁴ For example, Worldcom states that the "only non-distorting form of cost recovery for ILECs is in end user charges."¹⁵ Sprint claims that the Commission should reject any cost recovery

¹⁰ See BellSouth Comments at 19.

¹¹ *Id.* at 18.

¹² See NECA / NTCA Joint Comments at 2 and 7.

¹³ See *FNPRM* at ¶ 197.

¹⁴ See, e.g., Comptel at 8; AT&T at 16; Worldcom at 20; Sprint at 18.

¹⁵ See Worldcom Comments at 20.

mechanism placing TBNP costs in access charges, saying it is "neither logical nor competitively neutral to increase interstate access charges and require the ILECs' IXC customers to pick up the tab" ¹⁶ Some commenters assert that the Commission instead should increase the LNP line-item charge. ¹⁷ Conversely, GSA "urges the Commission not to allow [carriers] to recover the costs through a 'Federal charge assessed on end users'." ¹⁸

NECA and NTCA continue to believe that recovery of TBNP costs via existing access charge mechanisms is a reasonable approach, one that avoids adding to end user concerns and confusion over additional line item charges. Regardless of the approach chosen for LNP-capable carriers, however, the Commission must not adopt rules in this proceeding that inadvertently prohibit TBNP cost recovery for carriers who do not have a LNP-capable switch.

If the Commission implements a cost recovery regime similar to that for LNP, for example, ¹⁹ non-LNP capable carriers could have absolutely no means of TBNP cost recovery. The LNP cost recovery rules provide that, once the shared costs of LNP are allocated to each carrier, the individual carrier's portion of the shared costs is treated as "carrier-specific" cost, directly related to provision of TBNP. ²⁰ These costs may then be

¹⁶ See Sprint Comments at 18.

¹⁷ See AT&T at note 38; Sprint at 17.

¹⁸ See GSA comments at 10.

¹⁹ The LNP cost recovery rules leave carriers in the same predicament. On March 19, 1999, a Joint Petition for Expedited Interim Waiver was filed in CC Docket No. 95-116, by NECA, NTCA, Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) and United States Telecom Association (USTA), seeking relief for non-LNP capable carriers. To date, the Commission has not acted on the Petition.

²⁰ See 47 C.F.R. § 52.32 (c).

recovered by the carrier from "each end user it serves *from a LNP-capable switch* outside the 100 largest metropolitan statistical areas, [via] one monthly number-portability charge per line(emphasis added)²¹ Thus, any carrier that is *not* LNP-capable, under the Commission's existing rules, has no means of recovery, even though it is incurring shared costs to maintain a regional LNP database, as well as charges for database queries performed on its behalf, typically by Regional Bell Operating Companies, in order to route TBNP calls.²² To avoid this result, NECA and NTCA again respectfully urge the Commission to establish carrier-specific TBNP cost recovery rules that will allow all carriers to recover all TBNP-related costs.

III. Conclusion

As shown above, the Commission should establish a TBNP cost recovery mechanism independent of any unidentified potential "cost savings" that may be attributed to pooling. Also, the Commission must not delay implementation of its cost recovery rules until detailed cost data are available.

²¹ See 47 C.F.R. §52.33 (a)(1)(i).

²² See NECA / NTCA Joint Comments at 4.



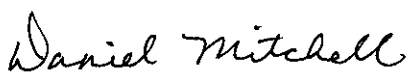

NECA and NTCA believe the Commission, as it has already concluded (consistent with its finding that TBNP costs are wholly interstate), should allow TBNP cost recovery via existing means, including interstate access charges. Finally, the Commission must assure that *all* carriers have the opportunity to recover all TBNP costs, including TBNP query charges imposed on carriers by other carriers.

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